

Washington, DC -- The Judiciary Subcommittee on Commercial and Administrative Law (CAL) favorably reported three arbitration reform bills to the full Judiciary Committee today. Previous CAL Subcommittee hearings have exposed problems with mandatory pre-dispute binding arbitration clauses.

H.R. 6126, the Fairness in Nursing Home Arbitration Act of 2008, which Congresswoman Sánchez introduced, and which would prohibit mandatory pre-dispute binding arbitration clauses in nursing home contracts, was approved on a 5-4 party-line vote.

“The decision to place a loved one in a nursing home is always difficult,” Chairwoman Linda Sánchez said. “Arbitration agreements are often buried in overly complicated contracts, and many consumers do not realize they are waiving their legal options. We have to protect families and seniors, and that includes giving them the tools they need to hold abusive nursing home operators accountable for their actions.”

The Subcommittee also favorably reported Congresswoman Sánchez’ Automobile Arbitration Fairness Act of 2008, H.R. 5312, by a voice vote. The bill would prohibit pre-dispute binding mandatory arbitration clauses in contracts signed by car buyers, thus providing consumers with the same protection that auto dealers now enjoy with respect to contracts with auto manufacturers.

“Consumers should not be limited to the remedy that is best for auto dealers when they are trying to resolve a dispute,” Congresswoman Sánchez said. “Arbitration can still be an avenue for resolving a dispute as long as both sides agree to enter that process voluntarily, with full knowledge of potential costs and benefits.”

H. R. 3010, the Arbitration Fairness Act of 2007, sponsored by Rep. Hank Johnson (D-GA), was also approved by a voice vote. H.R. 3010 would declare arbitration agreements unenforceable if it requires arbitration of an employment, consumer, or franchise dispute, or a dispute arising under any statute intended to protect civil rights or to regulate contracts or transactions between parties of unequal bargaining power.